

CITY COUNCIL AGENDA ITEM COVER MEMO

Agenda Item Number _____

Meeting Type: Regular

Meeting Date: 4/23/2015

Action Requested By:
Finance

Agenda Item Type
Resolution

Subject Matter:

Capital Improvement Plan

Exact Wording for the Agenda:

Resolution to approve the amended City of Huntsville 1990 Capital Improvement Plan for Fiscal years 2015 – 2024.

Note: If amendment, please state title and number of the original

Item to be considered for: Action

Unanimous Consent Required: No

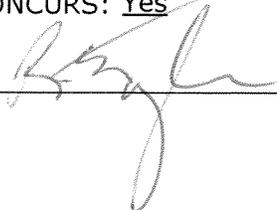
Briefly state why the action is required; why it is recommended; what Council action will provide, allow and accomplish and; any other information that might be helpful.

[Empty box for providing details on why the action is required, recommended, and what council action will provide, allow, and accomplish.]

Associated Cost:

Budgeted Item: Not applicable

MAYOR RECOMMENDS OR CONCURS: Yes

Department Head: 

Date: 4/15/2015

RESOLUTION NO. 15 - 255

BE IT RESOLVED by the City Council of the City of Huntsville Alabama that the CITY OF HUNTSVILLE 1990 CAPITAL IMPROVEMENT PLAN, 2015 - 2024, as amended and as attached hereto as Exhibit "A" and made a part hereof by reference, is hereby adopted and approved, and an executed copy of said document shall be permanently kept on file in the Office of the City Clerk Treasurer of the City of Huntsville Alabama.

ADOPTED this the 23rd day of April, 2015.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 23rd day of April, 2015.

Mayor of the City of
Huntsville, Alabama

City of Huntsville
1990 Ten-Year Capital Improvement Plan

Summary

Revenue

Annually-recurring revenue

Sales/Use tax

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Farmarked portion of total tax	25,259,000	25,764,300	26,279,600	26,805,200	27,341,300	27,888,100	28,445,900	29,014,900	29,595,200	30,187,100
Rate of growth	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Adjustments retained by General Fund	(2,000,000)	(3,200,000)	(3,400,000)	(5,137,947)	(9,761,124)	(11,051,676)	(12,278,807)	(12,774,871)	(13,030,368)	(13,290,976)
Adjustments retained by General Fund	(2,987,140)	(4,170,482)	(5,137,947)	(9,761,124)	(11,051,676)	(12,278,807)	(12,524,383)	(12,774,871)	(13,030,368)	(13,290,976)
Total sales/use tax	20,271,860	18,393,818	17,741,653	17,044,076	16,289,624	15,609,293	15,921,517	16,240,029	16,564,832	16,896,124

Lease revenue

Embassy Suites	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000
Total lease revenue	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000

Special project financing

Annually-recurring revenue total	0	9,500,000								
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Planned debt issues

Debt	20,496,860	18,618,818	27,466,653	17,269,076	16,514,624	15,834,293	16,146,517	16,465,029	16,789,832	17,121,124
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Other

1% Lodgings Tax-Recreation	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Resurfacing transfers from Gas Tax Fund	1,279,000	1,279,000	1,279,000	1,279,000	1,279,000	1,279,000	1,279,000	1,279,000	1,279,000	1,279,000
Total Revenue	56,175,860	22,497,818	38,845,653	25,898,076	25,293,624	22,213,293	24,625,517	30,644,029	19,268,832	19,600,124

Expenditures

Projects

Debt service - Capital Fund	48,145,558	18,379,333	26,041,333	22,637,333	23,012,333	16,645,667	21,579,000	27,329,000	15,829,000	15,879,000
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Existing debt service	30,884,587	19,846,832	21,206,711	20,657,685	20,495,685	18,486,106	17,042,165	17,042,597	13,653,239	12,771,790
IRS interest subsidy	(274,300)	(271,526)	(266,316)	(264,636)	(260,444)	(255,704)	(250,702)	(245,136)	(239,212)	(232,898)
Proposed new debt service	0	2,830,058	3,657,015	4,325,034	4,888,738	5,362,169	5,823,564	6,597,905	7,131,518	7,195,712
TIF debt service subsidies	1,050,000	360,000	428,000	377,000	353,000	319,000	277,000	236,000	191,000	(575,000)
Less paid by 6.5 Mill Taxes	(12,707,224)	(13,221,474)	(13,728,674)	(14,273,674)	(15,681,074)	(16,246,324)	(16,837,824)	(17,431,900)	(18,056,650)	(18,665,074)
Less paid by General Fund	(3,681,113)	(3,671,863)	(3,684,663)	(3,675,663)	(3,690,263)	(3,695,513)	(3,684,263)	(3,697,600)	(3,693,860)	(3,708,175)
Net Debt Service	15,271,950	5,872,027	7,610,073	7,145,746	6,105,642	3,969,734	2,369,940	2,501,866	(1,013,955)	(3,233,645)

Total Expenditures

Net Change	63,417,508	24,251,360	33,651,406	29,783,079	29,117,975	20,615,401	23,948,940	29,830,866	14,815,045	12,645,355
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Beginning Balance

Ending Balance	9,977,376	2,735,728	982,186	6,176,433	2,291,430	(1,532,921)	64,971	741,548	1,554,711	6,008,498
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	\$2,735,728	\$982,186	\$6,176,433	\$2,291,430	(\$1,532,921)	\$64,971	\$741,548	\$1,554,711	\$6,008,498	\$12,963,267
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City of Huntsville

1990 Ten-Year Capital Improvement Plan

EXHIBIT A

	<u>Funding Code</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Playground Equipment	Annual	50,000	50,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Big Spring Park Renovations (east)	Debt	200,000									
Big Spring Park Renovations (west)	Debt								5,000,000		
John Hunt Park Improvements	Debt	0	0	0	300,000	600,000	600,000	600,000	600,000	600,000	600,000
John Hunt Park Improvements	RecTax	700,000	700,000	700,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
ADJUST MCDONNELL/JOHN HUNT PARK ACCOUNT	Annual										
Greenways/Bike Paths	Annual	300,000	450,000	600,000	600,000	600,000	200,000	700,000	700,000	900,000	900,000
Open Space Acquisition	Debt	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Open Space Acquisition	Debt	2,500,000									
Western Area Recreation Center	Debt									5,000,000	
Merrinack Park Expansion	Debt	1,000,000		1,000,000	500,000	400,000	400,000	400,000			
Merrinack Park Expansion	Debt				1,500,000	1,600,000	1,600,000	1,600,000			
Nalatorium - New	Debt	21,200,000	0								

<u>Community Projects</u>		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Comm. Dev. HOME Program	Annual	3,450,000	2,515,000	8,800,000	5,275,000	4,600,000	2,200,000	300,000	300,000	300,000	300,000
Councill School Redevelopment - Matching	Debt	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Library Book Purchases	Annual	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Goldsmith-Schiffman Renovations	Debt			500,000		1,000,000					
Icplex Expansion	Annual	400,000			2,500,000						
Johnson & Grissom High Redevelopment	Debt			2,500,000		2,500,000					
Military Museum	Debt			250,000	1,000,000						
Senior Center Expansion	Debt			2,900,000							
Public Libraries	Debt			2,000,000					1,000,000		
Tennis Center Expansion	Annual		215,000		325,000						
Corridor Redevelopment	Debt	0	2,000,000								
VBC facility design planning	Annual	350,000									
VBC facility support systems	Debt	2,400,000	0	0	1,150,000	800,000	900,000				
Public Safety		1,406,500	527,000	919,000	2,340,000	40,000	40,000	4,040,000	1,740,000	40,000	40,000
Emergency Warning Sirens	Annual	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Fire Station (Chase Area)	Debt										
Fire Station (Highway 72/Limestone County)	Debt				2,300,000						

City of Huntsville
1990 Ten-Year Capital Improvement Plan

	<u>Funding Code</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Police Firing Range	Annual	150,000		500,000							
Fire & Rescue training facility	Debt							4,000,000			
Green Mountain fire station - generator extra	Annual	14,500									
Police Net Motion conversion	Annual	462,000	384,000	379,000							
Fire Net Motion conversion	Annual	99,000	103,000								
EMA Warning Siren control system	Annual	361,000									
Police cars (7) for new officers	Annual	280,000									
Other Projects		3,350,000	2,725,000	2,700,000	250,000	3,300,000	350,000	3,350,000	3,350,000	3,350,000	3,350,000
Fleet and Capital	Annual	3,000,000	2,500,000	2,500,000		3,000,000	350,000	3,000,000	3,000,000	3,000,000	3,000,000
Facilities maintenance	Annual	100,000	100,000	150,000	200,000	250,000	300,000	300,000	300,000	300,000	300,000
Lowie Mill Annex	Annual	200,000									
Fleet backup fuel site	Annual		75,000								
ITS Communications system buildout	Annual	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Grand Total All Projects		\$48,145,558	\$18,379,333	\$26,041,333	\$22,637,333	\$23,012,333	\$16,645,667	\$21,579,000	\$27,329,000	\$15,829,000	\$15,879,000

1990 Ten-Year Capital Improvement Plan

TIF Transfers for Debt Service

Funding Code	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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The City has borrowed money for TIF 2, TIF 3A and TIF 4 projects, and structured the repayment to minimize the interest cost to the City. When the debt was issued, tax collections from the TIFs were expected to be below the desired debt service initially, so plans were to use Capital Improvement Fund (CIF) money to pay the difference, as necessary. Taxes will eventually exceed debt requirements and the CIF will be reimbursed from the TIF revenues, which will occur at different times for each TIF.

Also, and more importantly, each TIF has unique risks that its tax collections will not meet City projections. Because of these two factors, a transfer is made in the budget each year. The City's risks will be better understood or eliminated as tax collections are received each year. When TIF taxes can cover expected debt service, funds will be transferred back to the CIF. Comments about each TIF in this regard are shown below.

TIF 2 - HUNTSVILLE HIGH SCHOOL DEBT	300,000	250,000	269,000	267,000	260,000	256,000	255,000	249,000	244,000	(491,000)
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TIF 2 (HHS) revenue is growing at a low rate, so there is low risk of unforeseen circumstances, which the City can respond to well in advance, without making significant Capital Plan adjustments. The transfer amount is generally the amount necessary to cover debt service needs until tax collections rise to cover debt service.

TIF 3A	0	0	0	0	0	0	0	0	0	0
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TIF 3A tax collections currently cover debt service, but there is considerable risk associated with significant tax assumptions after 2012, although some may be mitigated with development in the large district that was not projected when the TIF was established. Nonetheless, transfers were made to build an adequate reserve until the tax assumptions in 2012 and beyond can be proven. Transfers are currently expected to be returned by 2016.

TIF 4	750,000	110,000	159,000	110,000	93,000	63,000	22,000	(13,000)	(53,000)	(84,000)
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TIF 4 has growing tax collections, and the taxes are estimated to exceed debt service in 2022. There is moderate risk of projection error since some significant tax assumptions were made. The annual transfers cover debt service advances and projection risk.